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Memo	H. Jordan to Pres. Carter, 12 pp., re: Recommendations	4/13/78	C

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THE PRESIDENT'S SCHEDULE

Thursday - April 13, 1978

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8:15 Dr. Zbigniew Brzezinski - The Oval Office.

8:45 Mr. Hamilton Jordan - The Oval Office.

10:00 Mr. Jody Powell - The Oval Office.

10:30 Meeting with His Excellency Nicolae Ceausescu,  
(60 min.) The President of the Socialist Republic of  
Romania. (Dr. Zbigniew Brzezinski).  
The Cabinet Room.

12:15 Drop-By Luncheon of the Democratic National Com-  
(10 min.) mittee Finance Council. (Mr. Hamilton Jordan).  
The State Dining Room.

1:30 Meeting with Group of Consumer Advocates.  
(15 min.) (Mr. Stuart Eizenstat) - The Roosevelt Room.

4:00 Mr. Robert Lipshutz - The Oval Office.

4:30 Drop-By Reception for the Amalgamated Clothing  
(15 min.) and Textile Workers. (Mr. Landon Butler).  
The State Dining Room.

THE WHITE HOUSE

WASHINGTON

April 13, 1978

Chairman White

The attached was returned in the President's outbox today and is forwarded to you for your information. The originals of the letters were given to Frank Moore's office for delivery.

Rick Hutcheson

cc: Frank Moore

THE WHITE HOUSE  
WASHINGTON

Mr. President -

Two Senators have been very strong in speeches in your behalf at state party dinners.

They are Senators Bob Morgan and Tom Eagleton -

I'm sure there are others but these two have been particularly strong -

John C. White

THE WHITE HOUSE  
WASHINGTON

4-13-78

To Sen. Tom Eagleton

John White has commented on your strong supportive statements about me.

Thank you!

Jimmy

THE WHITE HOUSE  
WASHINGTON

4-13-78

To Sen Bob Morgan

John White has told  
me about your strong  
supportive statements  
about me.

Thank you !

Jimmy

THE WHITE HOUSE

WASHINGTON

13 April 1978

MEMORANDUM FOR

THE HONORABLE BOB S. BERGLAND  
Secretary of Agriculture

Re: Your Memo, Comprehensive Agricultural  
Insurance Program

The President approved Option A (All Federal Insurance Program) on Page 9 of the Hjort decision memorandum, and commented: "ok to move joint program in maybe 3 years."

With regard to "the issue of requiring the purchase of insurance, the President chose the second option on Page 10 of the Hjort memorandum, "Do not tie other programs to the purchase of insurance."

The President also commented: "We must be firm and preferably get prior agreement from Congress. leaders not to liberalize program and to eliminate other disaster programs."



Rick Hutcheson  
Staff Secretary

cc: Stu Eizenstat  
Jim McIntyre  
Charlie Schultze  
Frank Moore





THE WHITE HOUSE  
WASHINGTON

4/7/78

Mr. President:

Congressional Liaison and  
Jack Watson have no comment.

The views of DPS, OMB and  
CEA are noted in the USDA  
memo, and attached in full.

Rick



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

*Bob  
Stu  
J*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Comprehensive Agricultural Insurance Program

At your request, following my memorandum of September 26, 1977, the Working Group on Food and Agricultural Policy has been intensively involved in discussions and evaluations of a comprehensive agricultural insurance program. The issues outstanding in the enclosed Options Paper have narrowed to (a) the type of delivery system and (b) whether producers should be required to purchase insurance to be eligible for farm program benefits. The level of subsidy is no longer an issue.

Three options are presented in this paper. I recommend Option A, the Federal Insurance Program, as the Administration's position. The proposed program would allow us to provide protection that farmers need without increasing Government cost. Participation rates would be high enough to give us a reasonable chance to consolidate and eliminate other programs. This option, although a Federal program, would rely on private insurance agents to provide a substantial share of the marketing services. The delivery system would be the most efficient of all the options. Federal employment could be reduced from that needed to continue the present programs. This disaster protection program would form an important part of our comprehensive Food and Agricultural Policy.

The other options presented for your consideration would expand the role of the private insurance industry, but would be more costly to administer. The coverage available to the producer would be no higher than in the Option A and would possibly be less, although taxpayer costs would be higher. I could not support Option C. It would be a subsidy program for the insurance industry more than an insurance program for the farmers. Option B may have potential but we should first, in my view, develop the program as outlined for Option A and then consider the possibilities of moving to Option B.

A second issue is whether we should require the purchase of insurance as a condition of eligibility for other programs. I do not favor making price and income supports only to producers who purchase insurance; FmHA loan holders should be required to purchase insurance as a condition of the loan.

As with most important legislative proposals, the reaction in Congress to my recommended position would be mixed. I think the outlined Federal insurance program would have the vigorous support of many of the influential members. Some members, however, will support an expanded role for the private insurance industry. Other members will object to the redistribution of subsidies among commodities, and may propose a more expensive option, one that does not reduce the benefits to any commodity, and brings commodities all to the same level of benefits. However, the Federal program outlined in the attached is sound and defensible, and I am convinced we can sell it to Congress with the proper effort.

I am hopeful that we can now move forcefully and quickly to get legislation passed this session. To do so, we should plan to have our recommendations to the Hill within about 10 days.

A handwritten signature in black ink, appearing to read 'Bob Bergland', with a long horizontal line extending from the end of the signature.

BOB BERGLAND  
Secretary

Enclosure



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

MAR 2 4 1978

MEMORANDUM FOR: THE SECRETARY OF AGRICULTURE

SUBJECT: Comprehensive Agricultural  
Insurance Options

The Administration made a commitment to Congress last year during consideration of the 1977 Food and Agriculture Act that by early this year we would propose revisions in the programs that provide disaster protection to farmers. An options paper was sent to the President last September outlining alternative means to consolidate current programs. He requested further evaluation of the options. There has been an interagency effort underway since September to provide the analysis requested. Agreement among your Working Group has been reached on a number of principles with options presented in this memorandum on the remaining issues.

I am hopeful that we can get legislation passed this session. To do so, we should plan to have our recommendations to the Hill within about 10 days. Several legislative proposals have already been introduced. Most would increase the cost of current disaster protection programs; some would result in a substantial increase. It is clear that the Congress will not seriously consider any proposal that results in a net reduction in Government outlays.

Current Programs

Most agricultural disaster assistance is provided through four Federal programs. In addition, hail insurance is provided by the private insurance industry.

Federal Crop Insurance: This program of actuarially sound insurance has been offered since 1938. Even though administrative costs are absorbed by the Government (about \$25 million annually), the premium rates are still unaffordable for many producers. The coverage offered is also below the cost of production. A result is that only 13 percent of all eligible acreage is insured. Some expansion in participation could result from increased funding of marketing efforts. Half of the counties and numerous crops are excluded from the program entirely. The expected results

of continuing this program are indicated in Table I (first column). Not surprisingly, Congress has not accepted the current Federal Crop Insurance Program as the main form of agricultural disaster aid.

Disaster Payments Program: First implemented in 1974, this is the most costly (\$450 million annually) of present programs. The 1977 Farm Bill corrected some of its weaknesses and extended it through 1979 to allow a new program to be developed. However, unless we have a sound replacement to propose, Congress will move next year to extend it again.

This program is inequitable in benefits to producers and may be subsidizing production in areas where it would not otherwise be economical to grow a crop. Only producers of 6 major crops (wheat, corn, barley, sorghum, rice and cotton) are eligible for benefits; benefits are uneven across commodities and geographic areas. The level of protection is also well below costs of production.

Farmers Home Administration (FmHA) Emergency Loan Program: This program is available to producers who suffer losses in designated disaster areas. The program has been continuously modified by legislation since its inception in 1918. It generally offers subsidized interest rates and, at times, grants. Currently, loans of up to \$250,000 are provided at 3 percent interest; the interest is 5 percent for loans above that amount. Beginning next fiscal year, all loans will be at 5 percent, unless Congress further amends the Act.

Emergency loan volume has varied greatly from year to year, ranging in the past four years from \$128 million in FY 1974 to \$1.178 billion in FY 1977. As a result of the widespread drought last summer, loans for FY 1978 are expected to be between \$2 and \$3 billion.

The subsidized interest rate creates great political pressure to designate any area suffering some adversity to be eligible for this aid. You will remember that nearly two-thirds of all counties in the United States were designated as disaster areas last year. The loans have been useful in keeping some producers out of bankruptcy. However, many producers are ineligible because they cannot meet the required test that credit be unavailable elsewhere; others suffer losses but reside in areas not declared a disaster.

Small Business Administration (SBA) Emergency Loan Program: This program has offered loans to farmers only since 1976. Program provisions are more liberal than those of FmHA. The interest rate is currently 3 percent for loans up to \$250,000, with a formula rate for larger loans (currently 6 5/8 percent). The formula rate will apply to all loans beginning next fiscal year.

The lack of SBA experience and capability for making and evaluating agricultural loans resulted in confusion and much discontent in recent months. USDA has provided personnel to assist SBA with loan processing. The SBA and FmHA programs duplicate one another and give many farmers an incentive to shop around for the best terms. It is expected that SBA will make farm disaster loans of about \$1.3 billion this year.

The Administration has proposed legislation that would remove SBA from agricultural loan making, but the Congress is unlikely to pass this legislation unless more liberal disaster aid is provided through other programs. As indicated in Table I, it is expected that the combined volume of the SBA and FmHA emergency programs will average \$1.4 billion per year in crop-related emergency loans.

Private Hail Insurance: About \$8 billion of hail insurance is provided to farmers for about \$325 million in premiums. The random nature of hail losses makes it feasible for private insurers to sell protection at rates that are both attractive to crop producers and is profitable for the insurance companies. About 25 percent of the eligible acreage is covered by hail insurance.

Private industry has attempted in the recent past to offer all risk insurance. Coverage is currently offered only on minor crops. During a 13 year experiment with all risk coverage, insurance companies paid out an average of \$3 in indemnities per dollar of premium income. This suggests the insurance industry will not offer all risk coverage in the future without Federal reinsurance. Even with reinsurance, the amount of protection available will remain on a small scale unless a Federal subsidy is offered.

In conclusion, an evaluation of current agricultural disaster assistance programs provides convincing evidence that there is need for improvement. The programs overlap with some producers eligible for assistance under all four Federal programs, while others are ineligible for any assistance. Producers have not been treated equitably or consistently, creating a tendency to expand the programs to alleviate one particular problem which usually only created other inequities. Ad hoc legislative actions in response to unique situations and special interests have further lessened the overall effectiveness.

### Principles

There is agreement among your advisors that there is an important and legitimate role for Government in providing some protection. Agricultural businesses are faced with more uncertainties than is the case for almost any other business enterprise. Farm income is more variable than any other national income category. In fact, it is 6 times as variable as nonfarm proprietors' income; it only takes a 5 percent change in the aggregate quantity of production to cause a 25 percent change in net farm income.

Further, providing disaster protection has benefits that extend beyond the farm. Agricultural communities are made more economically stable when farmers are assured of repaying at least their cash costs, even if disaster strikes.

Farmers have shown a willingness to produce more food when their risks are kept within acceptable limits. On the one hand, this means a more abundant supply of food to consumers at reasonable prices; on the other hand, in times of large stocks and low prices, such as we are now experiencing, this program could have a counter effect to other policy measures aimed at curtailing production and boosting prices, although this impact is difficult to quantify.

Principles for program operation on which there is general interagency agreement are:

- o Consolidation of Existing Programs: The new program should consolidate as many existing programs as feasible, including the Federal Crop Insurance program, the Disaster Payments program, and the FmHA and SBA Emergency Loan programs. The consolidation should increase the protection available to farmers per dollar of Federal outlay.
- o Subsidy: The Federal subsidy should be used mainly to share premiums for the minimal level of production, with the producer paying most of the premium for higher levels of protection.

- o Neutrality of Effect: The program should be neutral in its effect on farm size, location of production, and commodity mix.
- o Individual Producer Coverage: To the extent feasible, individual production histories should serve as a guide for setting levels of protection and premiums.
- o Choice of Coverage: Producers should have a choice of protection levels. At a minimum, coverage of "cash costs" of production should be available.
- o Affordable Cost: The program should be affordable for most producers and foster a high level of program participation. Any subsidy should be adequate to promote the level of participation needed to facilitate program consolidation.
- o Private Industry Involvement: Recognizing that some services are often effectively provided through the private insurance industry, the private sector should be involved to the extent feasible.
- o Pilot Program for Livestock: A limited program should be offered to test the need and terms for livestock insurance.

#### Program Options

We have evaluated a wide range of options for improving the current array of disaster programs. Three options have been selected for your consideration: an all-Federal insurance program, an expanded private insurance program with minimal Federal involvement, and alternative mixes of private-Federal involvement. The first two offer alternative delivery systems with identical insurance policy terms. The third, a type of reinsurance, offers you a more fundamental choice regarding the level of involvement of the Federal Government. Table I provides a comparison of the three options.

All options reduce the Federal benefits for producers of some crops but increase them for producers of others. Table II attached provides examples of how the program would work at the farm level and how potential benefits compare with present programs.

#### Option A -- An All-Federal Program

This option would implement a Federally administered program with most of the functions performed by Federal personnel. The private insurance industry would assist in marketing. All actuarial and program development work would be by Federal personnel with the USDA system utilized to assist in setting coverage terms for the individual producer.



Producers could choose from three levels of coverage: 50, 70, and 90 percent of each farmer's normal production. The lower level corresponds approximately to out-of-pocket production expenses, the middle level includes some machinery ownership expenses, and the upper level would insure some of the land and management expenses as well. A Federal subsidy of about 50 percent of cost would be applied to the minimum yield guarantee. A small additional subsidy is provided at the medium coverage level, and no additional subsidy would be provided for the highest level of protection; the additional coverage would be sold at cost. There was interagency agreement that this level of subsidy would be required to reach the target level of participation.

#### Pro Arguments

- More use of private insurance agents than under the present program.
- A high level of program participation (68 percent of eligible acreage) is expected.
- With protection of about \$15 billion in third and succeeding years this option is the least costly per unit of protection offered.
- This program could be implemented quickly, making it unnecessary to extend the Disaster Payments program and making it possible to discontinue the emergency loan programs for crops within 3 years.
- The Federal Government would maintain administrative control over the program.

#### Con Arguments

- Requires the most Federal personnel (2,440 person-years full-and part-time) although permitting a reduction from employment under current programs.
- Makes least use of the private insurance industry.

#### Option B -- Joint Federal-Private Insurance Program

This option is an alternative delivery system to the previous option with the same protection provided to the farmer at similar premium rates. The private insurance industry would provide all sales and service activities but would not share the risk. A Federal agency would negotiate a contract with private insurers, provide for actuarial work, develop the

insurance policy terms, and supervise the program. This option is similar to the concept now in use under the recently revamped flood insurance program.

Pro Arguments

- A high level of program participation (about 68 percent) is expected.
- Would require about 2,000 fewer Federal employees than Option A by the end of the third year.

Con Arguments

- Will take longer to implement than Option A, perhaps requiring an extension of the Disaster Payments Program.
- Federal cost would be 50 percent higher than for Option A, adding an additional \$300 million by the end of the third year. Operating costs are higher for the private insurance industry than for a Federal insurance agency.
- It would be more difficult to exercise Federal administrative control than under Option A.

Option C -- Reinsurance by a Federal Agency

This option would provide for an expanded role of the private insurance industry compared to the other options. A Federal agency would attempt to negotiate a contract with private insurance companies formed into pools. The pools and the Federal agency would jointly undertake the actuarial work, the writing of the policy terms, and sharing of the risk. Since the Federal agency would be heavily involved in determining producer coverage and premium levels, it would not be true reinsurance as ordinarily defined by the insurance industry, but is as close to the concept as is realistic, given the need for close Federal supervision and control. Two or more pools would be required to handle the different classes of producers with high-risk farmers assigned to a pool that did not require the companies to share in the risk. It is less likely than in the previous options that the coverage could be tailored to the individual producer since there would be less opportunity for local USDA personnel to be a part of the system.

The Federal agency, besides supervising the program and providing actuarial and other work, would dispense a subsidy to make the protection affordable to the farmer. The agency would attempt to negotiate coverage levels similar to those in the previous options, but it is unlikely that the insurance industry would share in the risk of providing protection as high as the levels proposed in Options A and B. Policy terms would also require approval by the State Insurance Commissions whose regulations could conflict with the Federal agency.

Due to the time required to negotiate an agreement and the probable long period of time to fully implement the plan (5 or more years), the ASCS Disaster Payments Program and emergency loan authority would continue until coverage is widely available. Reduction in the other programs could begin in the second year of operation but emergency loans could not be phased out until at least the fifth year. Due to uncertainty as to whether an agreement with the insurance industry could be reached, we should have the authority to implement either Option A or B should we fail to reach an agreement with the insurance industry if this is the preferred option.

#### Pro Arguments

- Fewer Federal personnel (about 2,000 person-years less than Option A) would be required.

#### Con Arguments

- Program participation is expected to be less than under the other options. About 3/4 as much acreage would be insured as under the previous option.
- The lower participation levels compared to other options would make it difficult to consolidate other programs.
- Per unit of protection, this is the highest cost option.
- Would take the longest time to implement; the Disaster Payments program would have to be extended through 1982 and the emergency loan programs would be required at least through 1984.
- Difficult for Federal agency to control coverage offered to producers.

### Viewpoints of Interested Parties

The primary concern of farmers (as expressed in a special survey) is to have dependable coverage available at a level adequate to cover production costs. Farmers would probably have an equal preference for Option A and B. Option C would be less acceptable since the coverage that companies would offer may not be adequate for some producers.

The insurance industry would split in their preferences for the three options. A majority of the companies would likely favor Option B since they would not have to risk-share. However, the more vocal companies under the leadership of the Multiple Peril Crop Insurance Association would favor Option C. Private agents are likely to initially follow the leadership of the companies and favor either Option B or C, but could potentially be swayed to a neutral position since they would have marketing opportunities under all options.

A majority of the general farm organizations and commodity groups would favor Option A. State Commissioners of Agriculture would have a slight preference for Option A but probably would not object to Option B.

### Decision

- ☒ Option A - All Federal Insurance Program  
(USDA) DPS
- ☐ Option B - Joint Federal-Private Insurance  
Proposal (CEA, Treasury) OMB
- ☐ Option C - Subsidized Reinsurance

*ask to  
move to  
Joint program  
in maybe  
3 years  
J*

### Requiring the Purchase of Insurance

The participation rates in Table I are based on the assumption that a subsidy is offered and other disaster programs are terminated. Without universal insurance available and relatively high participation rates, the pressure on Congress will be to offer aid to the uninsured when disaster strikes. Since consolidated disaster protection is an integral part of our overall food and agricultural policy, we could require producers to buy insurance as a condition of eligibility for the price, loan and income support programs. Producers of minor commodities for which there is no price support program would not be affected.

Tying price and income supports to purchasing insurance would increase participation and program costs by 5 to 10 percent. Participation for the major crops would be higher than the average for all crops. The additional administrative burden would be manageable under Options A or B. It would be difficult to have the regulations for Option C. There it would appear that a large private industry is being unduly promoted by Government program requirements. The expected results are indicated in Table II.

Pro Arguments

- Less pressure and need to offer other disaster protection.
- Integrates disaster protection into overall food and agricultural policy.

Con Arguments

- Increased regulatory burden to farmers.
- Higher Government cost.
- Minor crops would not be treated consistently.

Decision

- \_\_\_\_\_ Require insurance as condition of eligibility for price and income supports (OMB)
- \_\_\_\_\_ ✓ Do not tie other programs to the purchase of insurance (CEA, Treasury, USDA) DPS

*Howard W. Hjort*  
HOWARD W. HJORT  
Acting Chairman  
Food and Agricultural  
Policy Working Group

Attachments

*We must be firm  
& preferably get prior agreement  
from Congress leaders not to  
liberalize program &  
to eliminate other disaster  
programs*

TABLE I -- Programs size, cost, and personnel requirements  
for continuation of current disaster programs and for insurance options<sup>1</sup>

Insurance	Unit	Current Programs Continued	OPTION A Federal Program		OPTION B Industry Service Agreement		OPTION C Quasi Reinsurance		
			1st yr. 1980	3rd yr. 1982 <sup>2</sup>	1st yr. 1981	3rd yr. 1983 <sup>2</sup>	1st yr. 1981 <sup>3</sup>	3rd yr. 1983	5th yr. 1985 <sup>2</sup>
Amount of protection	Bil. dol.	2.3	9.9	14.9	9.9	14.9	2.5	5.6	10.8
Participation (share of eligible acreage)	percent	13	45	68	45	68	25	40	55
Number of claims	Thous.	65	373	582	373	582	90	210	410
Federal personnel - full time	person-years	560	776	776	400	400	450	350	350
- part time	person-years	590	1,147	1,664	0	0	295	0	0
Indemnities paid	Mil. dol.	100	699	1,057	699	1,057	177	394	768
Government cost of insurance									
Indemnity subsidy	Mil. dol.	0	261	395	261	395	33	147	287
Administrative cost of insurance industry	Mil. dol.	0	0	0	292	441	42	188	366
USDA Administrative costs	Mil. dol.	30	136	147	17	21	23	18	18
Total Government cost <sup>4</sup>	Mil. dol.	30	397	542	570	857	98	353	671
<u>ASCS Disaster Payments Program</u>									
Cost	Mil. dol.	450	0	0	0	0	450	0	0
<u>Emergency Loan Programs (crop- related) -- FmHA and SBA</u>									
Loan volume	Mil. dol.	1400 <sup>5</sup>	160	0	160	0	1,400	450	0
Cost to Government (interest subsidy and administrative)	Mil. dol.	75	9	0	9	0	75	25	0
<u>Total - all programs</u>									
Payments, indemnities & loans	Mil. dol.	1,950	859	1,057	859	1,057	2,027	844	768
Number of payments or claims accepted	Thous.	375	379	582	379	582	391	226	414
Federal personnel	person-years	3,000	2,000	2,440	480	400	2,595	575	350
Cost to the Government	Mil. dol.	555	406	542	579	857	623	378	671
<u>Change in Cost Compared to Current Programs</u>	Mil. dol.	0	-149	-13	+24	+302	+68	-177	+116

<sup>1</sup>Estimates are unadjusted for inflation.

<sup>2</sup>The insurance program for crops is expected to expand by another 10 percent in later years as the expansion phase is completed.

<sup>3</sup>Transition year to reinsurance. About half of the coverage this year would be Federal Crop Insurance with the remainder privately offered.

<sup>4</sup>Does not include start-up costs expended prior to the first year. They would total \$34 million for Option A, \$18 million for Option B, and \$16 million for Option C.

<sup>5</sup>Based on assumption that SBA continues making agricultural loans which are included in the estimates.

Table II.--Comparison of payments under current programs in 1978, compared with proposed options based on actual records for selected farms 1/

Crop	County	State	1978 payment per acre with a total crop failure 2/							Payments under hypothetical low yield situation in 1978 under current and proposed programs 2/							
			Current programs			Proposed programs with guaranteed yield of				Hypo- thetical yield 3/	Current programs			Proposed programs with guaranteed yield of			
			Disaster:	Crop	Total	50%	70%	90%	Disaster:		Crop	Total	50%	70%	90%		
			payments:	insurance:					payments:		insurance:						
			Dollars							Bu. or lb.	Dollars						
Corn	Dekal	Ill.	84	167	251	114	158	199	73	7	21	28	-2	5	45		
Cotton	Coahoma	Miss.4/	121	157	278	174	239	298	333	64	44	108	1	66	125		
Wheat	Mitchell	Kan.	43	47	90	51	70	85	10	27	22	49	21	39	55		
Barley	Big Stone	Minn.	36	40	76	42	57	70	6	29	30	59	32	47	60		
Grain sorghum	Collin	Texas	39	45	84	38	51	63	5	33	36	69	27	41	52		
Soybeans	Washing- ton	Miss.	0	59	59	53	70	83	14	0	10	10	-3	7	20		

1/ Emergency loan program not considered in these figures.

2/ The amount of payment from crop insurance is the gross payment minus the premium charge, rounded the nearest dollar.

3/ Actual yield on the example farm for a disaster year in the past 5 years.

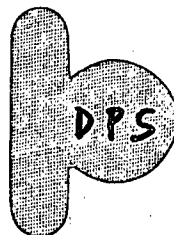
4/ This farm received a disaster payment in 1974, 1975, and 1976.

Table III--Results of requiring purchase of insurance to receive price and income supports, representative years 1/

Item	Unit	Option A-- Federal Program		Option B--Industry Service Agreement		Option C-- Quasi Reinsurance	
		Total	Change	Total	Change	Total	Change
Amount of protection	: Bil. dol. :	16.4	+1.5	16.4	+1.5	11.9	+1.1
Participation (share of eligible acreage)	: Percent :	75	+7	75	+7	61	+6
Number of claims	: Thous. :	642	+60	642	+60	452	+42
Federal personnel (Full and part time)	: Person : years :	2,611	+171	400	0	350	0
Indemnities paid	: Mil. dol. :	1,166	+109	1,166	+109	847	+79
Total Government cost	: Mil. dol. :	581	+39	943	+86	739	+68

1/ Third year for Options A and B, fifth year for Option C.





THE WHITE HOUSE

WASHINGTON

March 31, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *bc*  
LYNN DAFT *LD*

SUBJECT: Comprehensive Agricultural Insurance Proposal

With regard to the decisions you are asked to make on this topic, we recommend the following:

Program Options (Page 9)

We recommend Option A, the All Federal Insurance Program option, for these reasons:

- o Though we suspect the magnitude of the advantage is exaggerated, this option is far more cost-effective than the other options. The same coverage is estimated to cost over 50 percent more under option B.
- o Politically, this option will have greater appeal with the Congress and, we suspect, within the farm community at large.
- o Though we generally favor a lessened role for government in agriculture, we believe the uniqueness of the industry and the nature of protection required plus the relationship of this protection to other Federal credit and income support programs makes a compelling case for keeping this program under Federal control.

Requiring the Purchase of Insurance (Page 10)

We recommend that you NOT tie other programs to the purchase of insurance. To do otherwise would further restrict the decision making freedom of the individual producer. This would be contrary to what we are trying to do with our price and income support policies. Also, given the relatively low commodity prices now experienced by grain producers, the addition of yet another condition for eligibility for price and income supports would be widely resented among farmers and would be politically unpopular with the Congress.





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

APR 7 1978

MEMORANDUM FOR: THE PRESIDENT  
FROM: James T. McIntyre, Jr. *W. B. Smith*  
SUBJECT: Comprehensive Agricultural Insurance Options

This memorandum provides OMB recommendations on the issues and options presented in Secretary Bergland's subject decision memorandum.

We support changing to an insurance system and then eliminating present farm disaster assistance programs.

Our recommendations on the issues presented are summarized as follows:

Delivery System - OMB recommends Option B, the Joint Federal/Private delivery system because:

- We believe the cost differential is likely to be less than Agriculture's analysis shows.
- Option B involves private insurance companies to a much greater degree than A with a reduction of 2,600 in direct Federal employment.
- It is likely to be quickly established, building as it does on both the existing Government nucleus and the existing private insurance system.

The cost advantage shown for Option A (the All-Federal Program) appears very attractive but it is likely to be overstated because of:

- The lack of good data on administrative costs.
- Differences in methodology in developing administrative costs, and

- The imperfect application of those cost factors necessary to put Government and private industry costs on a truly comparable basis

We do not contend that Option B would cost less than Option A, but rather that the difference in cost would be much smaller than Agriculture's analysis indicates. Though Option C, the all-private system with Government reinsurance, would involve the private sector to the maximum extent, we agree with Agriculture that it probably won't work well enough to be a credible substitute for existing disaster assistance.

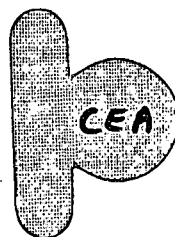
Requiring Purchase of Insurance - OMB recommends Option A, requiring insurance as a condition of eligibility for price and income supports. This should increase participation more quickly to levels that would make termination of the disaster programs feasible.

Budget Costs - The three options would add as follows to our total budget long range planning base: (undiscounted as per OMB doubts as to USDA estimates):

(\$ in M)

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>
Option A - All Federal	0	0	0	+ 40
Option B - Joint Federal/ Private	0	0	+ 90	+285
Option C - Private/ Federal Reinsurance	0	0	+110	0

Subsidy Level - The Secretary's decision memo assumes that the 50 percent premium subsidy under all options is required to get serious Congressional consideration of insurance proposal as a substitute for existing disaster assistance programs. Given the present mood of Congress, we have no basis to challenge that assumption.



THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

April 3, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze <sup>CLS</sup>  
Subject: Proposed Agricultural Disaster Assistance Program

1. An All-Federal vs. a Joint Private-Federal Program

The feasible options for an expanded agricultural insurance program presented in the USDA memorandum are Option A -- an all Federal program and Option B -- a joint Federal-private sector program. Our preference, indicated in the USDA memo, is for the joint Federal-private program which requires 2,040 fewer Federal employees ("person years"), even though USDA estimates it could cost \$300 million more than Option A by the end of the third year of operation.<sup>1/</sup>

The programs proposed are much larger and more comprehensive than any ever before operated in this country. Thus, there is little historical experience to draw upon in deriving the various estimates for assessing the programs. The key estimate is of the extent of farmer participation in the program -- in essence, the demand for insurance by farmers. Insofar as this estimate is inaccurate, all other estimates would be significantly altered as well. While we have no substantive basis for questioning the USDA estimates, we would point out the potential for a considerable margin of error.

The choice thus appears to be between decreasing Federal employment or increasing budget outlays. However, there is perhaps a feasible middle ground approach that could be taken. This program appears to present a rare

<sup>1/</sup> There has historically been a tendency for Federal agencies to underestimate costs for their preferred program options and to overstate the costs for those not preferred. Since this is an area in which the many uncertainties make cost estimation difficult, the saving for the all Federal program could be significantly exaggerated.

opportunity for constraining the growth of Federal employment and for a truly joint Federal-private sector undertaking. If the estimated cost of the proposed joint program is prohibitive but a joint option is nevertheless preferred, there appear to be two feasible alternatives:

- o the joint program could be modified to pare the cost to more acceptable levels, perhaps by slightly reducing the subsidy levels, or
- o the program could start as an all-Federal program and, once operational, a private sector delivery system could be phased in (suggested by Bergland in his memo). While a specific time schedule (say four or five years) for completing this could be specified by you to try to ensure that it actually occurs, there is an inherent difficulty in reducing the Federal involvement in programs once it has been established.

The private insurance industry has indicated a willingness to cooperate in a joint program and can be expected to oppose strenuously legislation that would authorize an all-Federal program.

## 2. Mandatory or Voluntary Participation

You are also asked to decide a secondary issue -- whether to make program participation mandatory as a condition of eligibility for the price support loan and target price payment programs. While we do not feel strongly about this, it would appear to be largely unnecessary and inconsistent with the trend in farm legislation since the mid-sixties to lessen the direct government influence on individual farmers' decision making. Again, this appears to be an instance where increasing the Federal presence is unnecessary and could be avoided.

## 3. The Risk of Congressional Liberalization

A final observation -- the proposed programs bring some rationality to the disaster assistance programs for agricultural producers, and the proposed benefits and funding levels are quite adequate. However, there will be a tendency for the Congress to make the benefits even more liberal and program costs higher, unless we are very



aggressive in holding the line. Should the eventual bill contain programs significantly more costly than we have proposed, we should be prepared to veto the bill and again propose our programs. The importance of avoiding concessions and a veto should be made explicit to USDA.

ID 781702

T H E   W H I T E   H O U S E

WASHINGTON

DATE:            28 MAR 78

FOR ACTION: STU EIZENSTAT *attached*

FRANK MOORE *No comment*

JACK WATSON *No comment*

JIM MCINTYRE *WFO*

CHARLES SCHULTZE *attached*

INFO ONLY:    THE VICE PRESIDENT

SUBJECT:       SEC. BERGLAND MEMO AND PACKAGE RE: COMPREHENSIVE  
                 AGRICULTURAL INSURANCE PROGRAM

+++++  
+    RESPONSE DUE TO RICK HUTCHESON    STAFF SECRETARY (456-7052)    +  
+            BY:    1200 PM THURSDAY    30 MAR 78                            +  
+++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR.    ( ) NO COMMENT.    ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

4:30 PM

THE WHITE HOUSE

WASHINGTON

April 12, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

LANDON BUTLER

SUBJECT:

Reception for Amalgamated Clothing  
and Textile Workers Union

DATE: Wednesday, April 13, 1978

TIME: 4:30pm

LOCATION: East Room

I. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: The Amalgamated Clothing and Textile Workers Union is holding a Legislative and Political Institute this week in Washington. Approximately 80 delegates are participating in the Institute and will attend the reception. Because the group is so small, I recommend that you try to shake hands with everyone there.
- B. Participants: Murray Finley, ACTWU President, will not attend the reception because he is in Geneva attending the trade talks as a member of your Advisory Committee for Trade Negotiations. Jacob Sheinkman, ACTWU's Secretary-Treasurer, Senior Executive Vice President Sol Stetin and Executive Vice President William DuChessi will attend. Others attending the reception include the 40 or more Vice Presidents of the union and selected Washington staff.
- C. Press Plan: We will not have press coverage of the event. The union will bring its own photographer and there will also be a White House photographer.

II. TALKING POINTS

Talking points are attached.

FALLOWS TALKING  
POINTS

THE WHITE HOUSE

WASHINGTON

April 12, 1978

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS, RICK HERTZBERG **RH**

SUBJECT: Amalgamated Clothing and Textile Workers  
Union Reception

Background

The union. The ACTWU (acronym pronounced ACK-TOO), with half a million members, was formed in 1976 by the merger of the Amalgamated Clothing Workers Union and the Textile Workers Union of America. They supported you beginning with the Pennsylvania primary, and their executive vice-president, Bill DuChessi, spent the last two weeks of the campaign with you aboard Peanut One as labor's representative. The union's main concerns right now are cheap imports and labor law reform, especially as the latter touches on the situation at J.P. Stevens & Co.

The event. Since it's a relatively small group -- some 80 people -- we suggest you keep your remarks short so as to reserve time for hand-shaking.

Talking Points

Humor. You might say that you are of course grateful to them for their support of you both before the election and since. They have been staunch friends of Democratic Presidents ever since the days when F.D.R. used to "clear it with Sidney." But you're grateful to them for an even more important reason -- without them, you wouldn't have a thing to wear.

People. You're sorry that President Murray Finley couldn't be here, but he has a good excuse -- he's in Geneva as a member of the Advisory Committee for Trade Negotiations, a post to which you reappointed him last month. But you're glad to see Jack Sheinkman (secretary-treasurer), Sol Stetin (senior executive vice-president), and Bill DuChessi (executive vice-president).

-- You're also glad to see so many vice-presidents (fourteen will be there) -- Fritz Mondale tells you that you can always judge an organization by how many vice-presidents it has.

-- But most of those in the room are not paid union officials but rank-and-file members -- men and women who work the machines in the plants and who are here to get a feel for how their government works. Their involvement and concern is symbolic of why the labor movement is such a strong and vital part of American democracy.

Issues. We've been side by side through some tough fights. We've made good progress in creating jobs for American workers at a decent wage and in making our government people-oriented again.

-- More tough fights lie ahead. You'll need their support on issues like tax reform, energy, hospital cost containment, Humphrey-Hawkins, and of course labor law reform.

-- One of the issues of greatest concern to them is competition from cheap foreign imports. You understand that concern and are responsive to it. You know their concerns from firsthand experience -- you could say that you've spent so much time in the plants and factories where they work that you think you might be eligible for a union card. Imports is a tough issue that cuts a lot of ways. We've successfully renewed the Multi-Fiber Agreement and have renegotiated many bilateral agreements. You and Bob Strauss have worked closely with their leaders to hammer out trade policies that are responsive without being unduly restrictive.

-- On labor law reform, you might say that their struggle for justice at J.P. Stevens & Co. is the best argument you know of for the need for labor law reform. The vast majority of law-abiding employers have nothing to fear from this bill. It's a simple matter of fairness, and of making sure that rights that are already in the law are guaranteed in practice. We can work together to ensure that flouting the labor laws of the United States will no longer be a cost-effective way to do business.

(Note: There seems to be general agreement that there would be no significant political downside to a calm mention of J.P. Stevens & Co. by name. Their record as notorious labor law violators is an indisputable matter of public record.)

THE WHITE HOUSE  
WASHINGTON

April 13, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

CALL TO SEN. CLARK RE FARM BILL

THE WHITE HOUSE  
WASHINGTON

*done*  
*J*

CONGRESSIONAL TELEPHONE CALL

TO: Senator Dick Clark

DATE: Today *5m/pd*

RECOMMENDED BY: Frank Moore/Dan Tate

PURPOSE: To discuss the farm bill

BACKGROUND: Senator Clark has been a vocal opponent of the flexible parity legislation. He voted against the Dole amendment in committee (the only Senator to oppose this proposal), on the Senate floor two weeks ago and he also voted against the farm bill conference report. He believes that the flexible parity provisions are bad farm policy, would jeopardize our reliability as an exporter (he is very interested in the Food for Peace program and World Hunger).

TOPICS OF DISCUSSION:

1. We urge you not to make any commitments.
2. You should thank Senator Clark, profusely, for all his help.

Date of Submission: 4/12/78



1956

THE WHITE HOUSE  
WASHINGTON

April 13, 1978

Frank Moore

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

RE: CALL TO DOMENICI AND  
CONTINUING STRATEGY ON THE  
NATURAL GAS ENERGY CONFERENCE

THE WHITE HOUSE  
WASHINGTON

APRIL 13, 1978  
Thursday - 11:15 a.m.

MR. PRESIDENT

CONGRESSMAN ASHLEY, SCOOP JACKSON ET AL  
THINK IT IS VERY IMPORTANT THAT YOU CALL  
SENATOR DOMENICI AND ASK HIM TO PLEASE  
STAY IN WASHINGTON TONIGHT AND TO MEET  
THIS AFTERNOON.

DOMENICI HAS PLANS TO GO HOME TONIGHT  
WHICH MEANS THE ENERGY CONFEREES WILL  
BREAK AND NOT RECONVENE UNTIL MONDAY.

JIM FREE  
DAN TATE

12:30 p.m.

THE CONFEREES WILL RECONVENE AT 2:00 P.M.  
TODAY IN THE CAPITOL BUILDING.

*done -  
no results*

*J*  
*He*  
*Would not give*  
*me his*  
*proxy*

THE WHITE HOUSE  
WASHINGTON

April 12, 1978

Lo: President  
cc Jody  
Fy1  
done  
J

## MEMORANDUM FOR FRANK MOORE

FROM: JIM FREE

SUBJECT: Continuing Strategy on the Natural Gas  
Energy Conference

Following a meeting this afternoon with Ari Weiss, Charlie Curtis, Ross Ain, and Bob Nordhaus, the following conclusions were reached:

- At the present time, the most crucial element in the proceedings is for the conferees to meet in the White House instead of on the Hill. The sense of urgency brought to the meetings by having them in the White House appears to keep things going; whereas holding the meetings on the Hill makes it far too easy to walk out.
- Regardless of what occurs in the meetings, the press must perceive that progress is being made. Jody's office should perhaps have statements ready to distribute at the conclusion of each meeting reporting on the progress made.
- The President should make more appearances at the meetings to check on the progress being made. He should also ask Speaker O'Neill and Majority Leader Byrd to arrange the calendars of both chambers so that the conferees could meet with as little interruption as possible.
- It appears that one of the only respected and neutral persons representing either the White House or the Congress is Charlie Curtis. Secretary Schlesinger should perhaps consider using him as an intermediary.

1424  
4:30 PM

THE WHITE HOUSE  
WASHINGTON

April 13, 1978

MEETING WITH CONSUMER GROUPS

Thursday, April 13, 1978  
1:30 p.m. (15 minutes)  
The Roosevelt Room

From: Stu Eizenstat  
Kitty Schirmer *Stu*

I. PURPOSE

To fulfill your commitment to meet again with consumer representatives prior to making a decision on a natural gas compromise.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: On October 20, 1977, you met with representatives of consumer organizations to discuss energy legislation. That meeting dealt with several energy issues, including taxes and the organization of the Department of Energy, but the most important issue to the majority of the attendees was natural gas. You told the group that you supported the House bill (\$1.75/mcf price for natural gas), and that before you changed your position, or acted upon such other proposal as the Conference might produce, you would consult again with the group.

Several members of the group requested a meeting with you two weeks ago, stating that your press conference comment on your willingness to accept natural gas deregulation over a stretched-out period constituted a change in position. Based on that statement, the groups have questioned whether you would in fact meet with them.

The consumer groups have been exceedingly hostile to the recent natural gas negotiations, both on substantive and procedural grounds. They believe that no bill would be better than the compromise now being discussed. They also believe that the

FERC has administrative authority to accomplish many of the goals of your original natural gas bill. They advocate immediate passage of the three parts of the energy bill which have been agreed to, and resolution of the tax issues in the context of the tax reform/reduction legislation.

They, along with Representative Moffett, who was joined by Representative Bud Brown, have criticized both you and the Congress for conducting what they view as "closed door" conference negotiations on the gas issue. Moffett and Brown held a press conference yesterday criticizing these "closed" sessions, and have indicated that they will introduce a resolution in the House today supporting closed conferences so as to produce a strong negative vote in the House. The consumer groups will probably refer to this resolution and echo Moffett's sentiments.

On this point, while we would have preferred resolution of the natural gas issue by the conferees in open session without Presidential involvement, this resolution has not been forthcoming. You should stand firm in stating that the discussions which you and Jim Schlesinger have had with some of the conferees are necessary to producing an atmosphere in which the conferees can get back to negotiations in earnest.

Finally, the consumer groups do not believe our re-estimations of the cost of the "base case" if current law were continued. This view is, again, based upon assumptions about the authority of the FERC to prevent emergency and other special sales of interstate gas to the intrastate market.

- B. Participants: See attached list.
- C. Press Plan: White House photographer only.

### III. TALKING POINTS

1. Wanted to call this meeting, in part in response to their recent request, but mainly because you feel that conference negotiations on natural gas have reached a point where you may be called upon to make some final judgments quickly.
2. You have come increasingly convinced over the last several months that resolution of all five parts of the energy bill is essential to meeting the current energy crisis which has had such a serious impact on the value of the dollar and the stability of the entire economy. It is clear that the world is looking to the U. S. to see whether we can act on comprehensive energy legislation, and our failure thus far to resolve the outstanding issues is hurting us by:
  - increasing inflationary pressures
  - serious instability of the dollar
  - increasingly serious lack of confidence in the business community which is dampening the investment which we need for jobs.
3. The conferees have made a number of proposals and counterproposals which have shown significant narrowing of the differences between the original House and Senate proposals. The outstanding difference between them -- in the range of \$5 to \$8 billion total over eight years -- is narrow enough as to take on less significance than the original \$70 billion differential. It is your view that the range of differences now separating the conferees, while important, is less crucial in the long and short run than is gaining resolution of this issue.
4. You are aware of their preference for enactment of the first three parts of the energy bill and retention of the current natural gas law, but with improvements made administratively by the FERC. You do not believe that the fundamental correction which needs to be made in the gas area -- extension of the controls to the intra-state market -- can, realistically, be



accomplished administratively. Extension of controls to the intrastate market would require the FERC to discover heretofore unrecognized authority to regulate some 45% of our overall gas market. Furthermore such regulation would have to use "cost-based" pricing of natural gas, a concept which neither the House bill, the Senate bill, or your proposal favored retaining. (Cost-based pricing restricts the FERC from taking into account anything other than straight costs plus a reasonable return on investment in setting natural gas prices. Factors such as shortage of supply, or the energy and environmental value of the fuel are ruled out.)

Any court would almost certainly stay such an order and extensive litigation and probably Congressional action would ensue. The resulting uncertainty and disruption would, in your view, be taking risks with our fundamental economic well-being, as well as with our gas supply, which are unsound.

5. You would like to hear their comments and their views, but cannot debate the intricacies of the proposals with them. Jim Schlesinger is available, however, to continue that discussion.
6. You urge them, before making a final decision, to think carefully -- as you have done -- about the larger picture, including what is practical in the real world. The energy problem is a here-and-now crisis posing extremely hard decisions which must be faced squarely. You ask their help in doing so.

Attachment

LIST OF PARTICIPANTS

Lee C. White	- Energy Policy Task Force of Consumer Federation of America
Ellen Berman	- Energy Policy Task Force of Consumer Federation of America
James Flug	- Energy Action
Lewis Knecht	- Communications Workers of America
Robert Brandon	- Nader Tax Group
George Poulin	- Machinists Union
Jack Sheehan	- Steelworkers Union
Garry DeLoss	- Environmental Policy Center

Secretary Schlesinger, Stu Eizenstat, Esther Peterson,  
Tina Hobson (DOE Office of Consumer Affairs), Kitty  
Schirmer, Les Goldman



12:15 PM

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

5

Drop-by Luncheon for DNC Contributors  
Thursday, April 13, 1978  
12:15 p.m. (10 minutes)  
State Dining Room

(by: Phil Wise)

I. PURPOSE: To motivate fund-raising activities  
of the Party.

II. BACKGROUND, PARTICIPANTS, PRESS:

A. Background: Chuck Manatt requested this luncheon  
as the start of his visible role as  
new Finance Chairman for the Party.  
He will not officially assume this  
role until the June DNC meeting elects  
him, however.

B. PARTICIPANTS: See attached list (30)

C. PRESS: Official photo.

D. TALKING POINTS:  
The members should be thanked for their  
efforts in fundraising in the past and  
the future.

12 April 1978

MEMORANDUM

TO: GRETCHEN POSTON  
FROM: CHARLES MANATT  
RE: KEY CONTRIBUTOR LUNCHEON - APRIL 13TH

APR 12 1978  
B  
3:56 pm

This list supersedes the one sent to you on April 10th. The following people will be attending the Key Contributor's Luncheon tomorrow:

Richard Allen  
President  
D. R. Allen & Sons  
P.O. Drawer 1807  
Fayetteville, N.C. 28302  
4-5-31; Hamlet, N.C.  
244-38-4856

Tom Boggs, Esq.  
Patton, Boggs & Blow  
1200 17th Street, N.W.  
Washington, D.C. 20036  
9-18-40; New Orleans, La.  
435-54-5002

Morris Bryan  
Jefferson Mills  
Jefferson, Georgia  
8-10-19; Clarke County, Ga.  
259-07-8225

Ival R. Cianchette  
Cianbro Corporation  
P.O. Box D  
Pittsfield, Me.  
7-19-26; Pittsfield, Me.  
007-14-8918

Kenneth Cunningham  
Chairman  
Metropolitan Contract Service  
9225 Katy Freeway  
Houston, Texas 77024  
4-2-37; Houston  
451-54-6880

Hugh DeFazio, Esq.  
McKirdy, Riskin & DeFazio  
50 N. Morris Street  
Dover, New Jersey 07801  
10-18-40; Scranton, Pa.  
145-30-9666

Harry Gould, Jr.  
Chairman and President  
Gould Paper Corporation  
145 E. 32nd Street  
New York, New York 10016  
9-24-38; New York City  
071-34-9815

Armand Hammer  
Chairman of the Board  
Occidental Petroleum Corp.  
10889 Wilshire Blvd.  
Suite 1500  
Los Angeles, California 90024  
5-21-98; New York  
060-01-0047

Wallace Hyde  
Hyde Insurance  
P.O. Box 5797  
Asheville; N.C. 28803  
2-14-23; Robbinsville, N.C.  
242-22-8087

Morris Jaffe  
243-A Central Park  
San Antonio, Tx. 78216  
5-4-22; San Antonio, Tx.  
457-20-2569

William W. Johnson (Hootie)  
246 S. Lake Road  
Columbia, S. C. 29204  
2-16-31; Augusta, Ga.  
248-46-7061

Norman Lau Kee  
Human Rights Commissioner  
for the City of New York  
11 Mott Street  
New York, New York 11013  
4-27-27; New York City  
152-22-6585

Peter Kelly, Esq.  
Updike, Kelly & Spellacy P.C.  
One Constitution Plaza  
Hartford, Conn. 06103  
6-30-37; Hartford, Conn.  
046-28-9810

Lee Kling  
Reed Shaw  
444 North Capitol Street, N.W.  
Washington, D.C.  
12-22-28; St. Louis, Mo.  
499-36-1707

Nathan Landow  
Landow and Company  
4710 Bethesda Avenue  
Bethesda, Maryland 20014  
10-22-32; Orange, N.J.  
579-40-5946

John McMillian  
Chairman of the Board, President  
Northwest Energy Company  
P.O. Box 1526  
Salt Lake City, Utah 84110  
7-11-26; Orange Cty, Tx.  
427-32-2575

W. Pat McMullan, Jr.  
Chairman of the Board  
The Mississippi Bank  
P.O. Box 979  
Jackson, Mississippi 39205  
11-20-25; Lake, Ms.  
427-22-4035

Bill McSweeney  
(Aide to Armand Hammer;  
Must be seated next to him)  
3-31-29; Haverville, Ma.  
017-22-1639

Charles T. Manatt, Esq.  
1800 Century Plaza East  
Los Angeles, California 90067  
6-9-36; Chicago, Ill.  
478-42-0437

Set Momjian  
2220 Willow Brook Drive  
Huntingdon Valley, Pa. 19006  
4-9-30; Altantic City, N.J.  
157-18-1517

Bernard Rapoport  
Chairman of the Board  
American Income Life  
Insurance Company  
P.O. Box 208  
Waco, Texas 76703  
7-17-17; Chicago  
455-09-5995

E. C. Rutherford  
P.O. Box 6  
Brawley, California 92227  
Will Be Attending  
the Rumanian Dinner, so his  
vital statistics are on one  
of theWhite House lists.

Jack Stephens  
Stephens, Inc.  
114 E. Capitol  
Little Rock, Arkansas 72207  
8-9-23; Prattsville, Ark.  
430-32-1298

Richard Swann  
Swann, Swann, & Haddock  
17 S. Magnolia  
Orlando, Florida 32801  
5-7-40; Orlando, Fla.  
266-58-6037

Arthur Temple III  
Texas Hse. of Representatives  
P.O. Box 430  
Diboll, Texas 75941  
2-26-42; Texarcana, Ark.  
459-64-7147

Rosemary Tomich  
P.O. Box 188  
Chino, California 91710  
9-9-35; Glendale, Ca.  
570-34-6771

Jack Warren  
900 First City National  
Bank Bldg.  
Houston, Texas 77002  
9-17-22; Mendenhall, Ms.  
427-24-4573

John C. White  
Chairman - DNC  
Has White House Pass

J. D. Williams, Esq.  
Williams and Jensen  
1130 17th Street, N.W.  
Washington, D.C. 20036  
12-2-37; Cooke Cty, Tx.  
454-60-8406

Robert W. Barrie  
General Electric Company  
777 14th Street, N.W.  
Washington, D.C. 20005  
5-11-25; Lester Prairie, Minn.  
502-12-1826

1751

THE WHITE HOUSE

WASHINGTON

April 13, 1978

Frank Moore  
Jody Powell

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been sent to Stripping for processing.

Rick Hutcheson

CC: Stripping

RE: LETTER TO BOB NEUMAN

THE WHITE HOUSE

WASHINGTON

April 7, 1978

C

Mr. President --

Bob Neuman of Mo Udall's staff has done a lot of very good press advance work for us. His 35-year-old brother died of an epileptic fit during your time in Lagos.

Neuman was working for us there, and I thought it would be appropriate if you would sign the attached note we drafted for you.

Judy

THE WHITE HOUSE

WASHINGTON

April 6, 1978

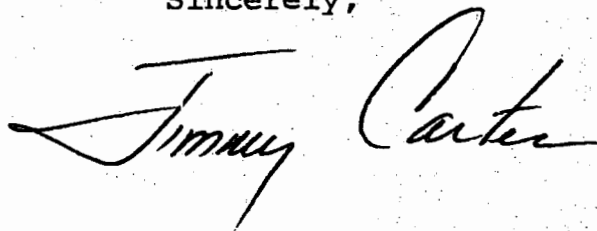
To Bob Neuman

Please let me extend my deepest sympathies to you on the death of your brother, Michael.

You have consistently done fine work for me and my administration on numerous trips, and I particularly regret that the fact that you were working for me in Lagos at the time of your brother's death hampered your ability to get back to California.

I hope you will let your parents, Dorothy and Bill, know of my sympathy for them at a time of deep pain for all of you.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

Mr. Bob Neuman  
400 Walnut Boulevard  
Brentwood, California 94513

---

THE WHITE HOUSE

WASHINGTON

April 13, 1978

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed originals have been given to Frank Moore's office for delivery.

Rick Hutcheson

cc: Frank Moore  
Jim McIntyre

FIVE-YEAR SHIPBUILDING





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

3619 - a) Clear  
Harold  
b) I don't understand  
p1 R 3 a) "Army &  
Air Forces" ---  
MAR 29 1978  
J

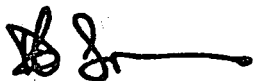
MEMORANDUM FOR: THE PRESIDENT  
FROM: James T. McIntyre, Jr. *Jim*  
Director  
SUBJECT: Five-year Shipbuilding Plan

In line with our discussions yesterday regarding our five-year shipbuilding plan and the difficulties we are having with the Congress over our 1979 program, I believe it would be useful for you to reinforce our communications with congressional leaders through a personal letter. Accordingly, I have attached a suggested letter for the four key Committee Chairmen and recommend that you sign them.

We have discussed this approach with Zbig, and he did not indicate a feeling as to whether or not such a letter would be useful. I feel however that a letter from you could be of great use to Senator Stennis and the other recipients, in that they could use it in communicating with other Congressmen.

THE WHITE HOUSE  
WASHINGTON

April 12, 1978

MEMORANDUM FOR: THE PRESIDENT  
FROM: ZBIGNIEW BRZEZINSKI   
SUBJECT: Five-Year Shipbuilding Plan

In response to your request, I have prepared a new version (Tab A) of Jim McIntyre's original letter (Tab B) on the five-year shipbuilding program.

The new version clarifies the point you mentioned (Tab B) and incorporates several changes suggested by Harold Brown to bring it into better alignment with his Congressional testimony on this issue.

RECOMMENDATION

That you sign and have forwarded the four letters at Tab A.

☒ Approve  
☐ Disapprove

Harold Brown, Jim McIntyre and Frank Moore concur with these letters. Jim Fallows has also reviewed and approved them.

(FOUR SIGNATURES REQUESTED)

THE WHITE HOUSE

WASHINGTON

April 13, 1978

To Congressman George Mahon

Last December I delayed submission of a five-year shipbuilding plan in order to provide additional time for orderly development and review of this important element of the Defense Program. That process has now reached the point where I have been able to decide with some confidence upon the \$32 billion five-year plan that Secretary Brown provided to you. I would like to emphasize some of the main features of that plan.

In deciding on an appropriate shipbuilding program, I found it necessary first of all to consider the overall security needs of the United States, both in terms of strategic forces and general purpose forces. Within these overall needs, it was necessary to consider the balance of the shipbuilding program with other elements of the entire Defense program. Furthermore, it was clearly important to take into account the problems being experienced in naval shipbuilding.

In the 1979 Defense budget, which you are now considering, I believe that: (a) increasing NATO-related early combat capabilities, which are principally in ground and air forces, is our most urgent priority; (b) we need to maintain the major elements of our current naval forward deployments, crisis response and sea lane defense capability; and (c) the Navy's severe shipyard problems (multi-billion dollar claims and delivery delays of several years) warrant at least one year of caution. I believe the 1979 program, as submitted, strikes an appropriate balance between long-range Navy goals, fiscal constraints, and near-term shipyard problems. Consequently, I plan no budget amendment for Navy ships.

I am told that some members of your Committee might propose rather substantial changes to the 1979 shipbuilding program. Such changes, I believe, would be a mistake. For example, I would oppose deletion of the Trident submarine. As I stated in my Winston-Salem speech, the United States must remain strong, avoiding even the perception of a deemphasis of our strategic posture. A 1979 program containing no Trident submarines might be construed as a signal of reduced urgency of the Trident program.

The five-year plan delays construction of the first nuclear-powered AEGIS ship until 1983. While I believe that it is important to get the AEGIS system to the fleet quickly, present difficulties in construction of nuclear ships and the need for substantial numbers of AEGIS ships have led me to place a higher priority, in the near term, on the less costly, conventionally-powered, and still extremely capable, AEGIS destroyer.

Naval aviation is a key element of United States naval superiority. Toward that end, I have included a new carrier in the five-year plan, so as to ensure that we can maintain the 12-carrier force into the 21st Century. As you know, in the past several months, there has been much debate and analysis devoted to the type of carrier that should be built. While there are arguments for a Nimitz-class nuclear carrier, there are also excellent arguments for a smaller, conventionally-powered carrier. On balance, I have concluded that the conventional carrier, at substantially less investment cost, is preferable, given overall fiscal limitations and the need for other naval ships. This carrier, together with the other elements of our five-year plan, should enable us to continue our naval superiority into the foreseeable future.

I believe that the proposed five-year plan will meet our military needs without exacerbating current shipbuilding problems. It will permit growth in

both force levels and overall naval capabilities, particularly in the key areas of defense against aircraft and submarines, while maintaining the readiness of the Navy at appropriately high levels. I hope that you will support the proposed program.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable George H. Mahon  
U.S. House of Representatives  
Washington, D. C. 20515

THE WHITE HOUSE

WASHINGTON

April 13, 1978

To Senator Warren Magnuson

Last December I delayed submission of a five-year shipbuilding plan in order to provide additional time for orderly development and review of this important element of the Defense Program. That process has now reached the point where I have been able to decide with some confidence upon the \$32 billion five-year plan that Secretary Brown provided to you. I would like to emphasize some of the main features of that plan.

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The Honorable Warren G. Magnuson  
United States Senate  
Washington, D. C. 20510



THE WHITE HOUSE

WASHINGTON

April 13, 1978

To Congressman Melvin Price

Last December I delayed submission of a five-year shipbuilding plan in order to provide additional time for orderly development and review of this important element of the Defense Program. That process has now reached the point where I have been able to decide with some confidence upon the \$32 billion five year plan that Secretary Brown provided to you. I would like to emphasize some of the main features of that plan.

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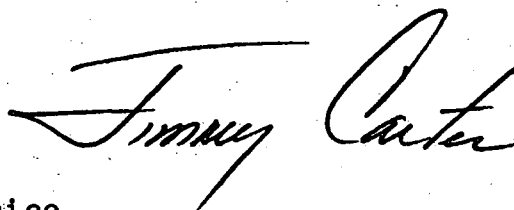
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Sincerely,

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The Honorable Melvin Price  
U.S. House of Representatives  
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

April 13, 1978

To Senator John Stennis

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The Honorable John C. Stennis  
United States Senate  
Washington, D.C. 20510

THE WHITE HOUSE  
WASHINGTON

April 13, 1978

Stu Eizenstat  
Jim McIntyre

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson  
cc: The Vice President  
Frank Moore  
Jody Powell  
Jack Watson

160 ACRE LIMITATION

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE WHITE HOUSE  
WASHINGTON

4/12/78

Mr. President:

Watson concurs with DPS.

No comment from the Vice  
President or Jordan.

Congressional Liaison will  
notify interested Members  
of Congress once a decision  
is made.

Rick

THE WHITE HOUSE  
WASHINGTON

4/13/78

Mr. President --

Testimony apparently  
begins today at 9:00 a.m.

--SSC

Electrostatic Copy Made  
for Preservation Purpose

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 12, 1978

C  
1

MEMORANDUM FOR

THE PRESIDENT

FROM

STU EIZENSTAT

JIM MCINTYRE *Sh*

SUBJECT

160-Acre Limitation in Reclamation  
Law -- Administration Position

Secretary Andrus is scheduled to testify Thursday before the Senate Committee on Energy and Natural Resources on the issue of amendments to the 1902 Reclamation Law. This memorandum describes a consensus proposal prepared by Interior, which is acceptable to Agriculture, CEQ, OMB and DPS. There is one issue presented for your decision, beginning at page 5.

#### Background

Last summer the Interior Department promulgated Court-ordered regulations to enforce the acreage limitations and residency requirements in the 1902 Reclamation Law, which requires that the delivery of subsidized federal irrigation water be limited to resident persons with no more than 160 acres per resident family member receiving project water (e.g., 640 acres for a 4-member family). (Additional acreage ownership is allowed as long as it is not served by federally-subsidized water.) The proposed regulations caused a furor in the West, and the Administration indicated it would study the issue and if necessary propose changes in the Law. You also personally stated to farm editors that the 160-acre requirement should be modified.

Subsequent study by both the Interior and Agriculture Departments has shown:

- federal subsidies to Reclamation project farmers are often large (\$76,000 out of a net income of \$81,000 per year to a 640-acre farm in Westlands, California);

- abuses of excess land requirements have been most prevalent in California; in the 17 Reclamation states, about 90% of the acreage meets the 160-acre per person existing requirements;
- existing law allowing 160 acres per resident family member (including children and other relatives) is biased in favor of large families and against younger people, and if fully enforced would cause hardships when family size changes by maturing of children or death of family members;
- residency requirements have not been enforced by the Bureau of Reclamation since 1926.

The Interior Department was also successfully sued by land-owners seeking to delay enforcement of acreage limitations on the grounds that regulations required the preparation of an Environmental Impact Statement prior to promulgation. Interior agreed with that ruling and is now in the process of carrying out the studies required under the National Environmental Policy Act. The EIS process (completion of a final EIS, hearings, etc.) will not be completed until October, 1979.

Although data on the precise impacts of the Interior proposal are lacking pending the completion of the EIS, Interior has attempted to arrive at a proposal which makes needed reforms, yet is close to a consensus position on Capitol Hill. Legislation to amend the 1902 Law is pending in the Congress and may well move forward this year. It appears necessary and legally possible to move ahead with an Administration position before the EIS is completed. The EIS will be useful in any event in preparing regulations and responding to legislative proposals in the future.

Option. It would be possible to postpone the presentation of a final, detailed Administration position until the EIS studies are complete. This would allow additional information to be developed and would avoid the charge that the EIS process is not meaningful. However, we all agree there are overriding reasons to move ahead with an Administration position now:

- It is likely that pending legislation will move ahead with or without our detailed input;
- Postponing amendments to the law would increase the hardship and uncertainty which exists over excess land requirements at the present time (all sale transactions are being held in abeyance while rules and procedures are promulgated, due to recent Court decisions).
- For these reasons, the issue was included in your approved legislative agenda, and Secretary Andrus has publicly affirmed the Administration's intention to present Administration proposals.

#### Interior Position

After intensive study of the problems and Congressional consultation, the Interior Department has prepared testimony (requested by both Senate and House Committees) concerning amendments to the 1902 Law. The essential provisions of the Interior position are:

- Ownership Allotment. Existing law allows, and the regulations proposed last summer would enforce, a limit on ownership of 160 acres for each resident family member. The Interior proposal would increase the individual ownership allotment from 160 to 320 acres, but remove allotments for minor children (in effect retaining the allotment of 640 acres for a family of four allowed in existing law but removing the bias involved in adjusting for children and other relatives);
- Leasing Allotment. Existing law does not provide explicitly for leasing, and the Bureau of Reclamation has never imposed leasing limits, resulting in huge operating units. The regulations proposed last summer would have allowed leasing of 160 acres

per family member, imposing a limit for the first time. The current Interior proposal would:

- allow individuals owning the full 320-acre allotment to lease an additional 160 acres;
- allow individuals owning less than their 320-acre allotment to have a total leasing/ownership combination of 480 acres. *ok*
- Operation Size Cap. Existing law does not explicitly limit the accumulation of ownership allotments and leasing units into large operations. The regulations proposed last summer also did not specifically limit total operation size. The current Interior proposal would set an overall operation size cap of 960 acres for any combination of ownership, leasing or management, to protect against abuse of multiple ownership and leasing arrangements; *ok*
- Residency Requirement. Existing law states that recipients of federal water must live on or near their land, but the Bureau stopped enforcing this in 1926. The regulations proposed last summer defined residency as within 50 miles of the farm. The current proposal would require owners and lessees to live within 50 miles of the farm, but "grandfather" existing non-corporate owners. As proposed, Interior would not require involvement in the farming operation (issue presented below) as a condition of qualifying for ownership or leasing. *7*
- Partnerships. Existing law does not explicitly treat multiple ownership arrangements; the regulations proposed last summer would have confined partnerships to linear family relations. The Interior proposal would allow family or other two-person partnerships as long as overall operation size (960-acre limit) and residency requirements are met. *ok*
- Sales of Excess Lands. Recent Court decisions require that Interior have rules and regulations to govern sales of excess lands. The regulations proposed last summer would have established a lottery system to ensure equal access to land for

qualified buyers. This approach is strongly supported by the National Land for People movement and others supporting access to land for minorities and others. However, it is bitterly opposed by landowners and affected communities who feel that this provision would deny opportunities to children, tenants, employees and neighbors. The current proposal would allow sales of excess lands to family, adjoining neighbors, and long-time tenants and employees (if residency requirements are met), but otherwise place excess lands for sale under a lottery system.

ok if  
price  
competition  
insured?  
Genuine sales  
intended?

- Equivalency. Existing law and the regulations proposed last summer would not allow upward adjustment of acreage limitations to account for variations in soil productivity. Interior proposes an equivalency standard which would allow more land to some owners within a project, if their land is less productive than the best land in the project. 320 acres would be the standard allotment in each district, regardless of location.
- Rates for Water. Issues relating to water rates are being treated separately in the water policy study, where rate increases will be proposed under existing rules. Under those proposals subsidies would remain, but a more reasonable rate would be charged for the water delivered.
- Retroactivity. Acreage and residency limitations would apply immediately to all new transactions. Family ownership arrangements which meet existing law will not have to meet new requirements until the first transfer of title. Non-family corporations will have five years to come into compliance, if acreage limitations are exceeded and/or residency requirements are being violated.

ok  
I need  
policy to  
decide

ok

#### Summary

The Interior position is lenient in some respects (grandfather provisions, increased individual allotments) but if fully enacted and enforced, would represent a significant improvement in distributing more widely the benefits of these subsidized projects. It also would remove certain anachronisms in the 1902 Law. The key reforms are an absolute cap on operation size (960 acres) and the firm residency requirement.

We believe, based on extensive Congressional consultations, that this proposal represents close to the likely consensus on Capitol Hill, falling between the extreme positions of the liberals bill (Nelson-Haskell-Abourezk) and the large growers' bill (Church). In California, reactions will be mixed. It is not possible to satisfy the large growers with any credible proposal, but this formulation meets the serious and legitimate criticisms levied against the proposed regulations last summer. The SACRAMENTO BEE has reacted very

favorably to Andrus' recent consultations.

### Agriculture Department Position

Although Agriculture is willing to accept the Interior position, they believe that it permits larger subsidies and larger farming operations than the 1902 Act intended. Agriculture proposed that the 320-960 standard be adjusted down or up depending on the income-generating ability of the land which varies greatly. They also felt that leasing of entire units should be prohibited, in order to promote owner-operated family farms. Interior, OMB and DPS feel this proposal is unworkable and would require an unreasonable exercise of administrative judgment on income levels. Secretary Bergland has withdrawn his proposal, but wanted you to be aware of his view.

### Decision

✓

Approve proposal outlined above  
(Interior, OMB, DPS recommend)

Disapprove

### Issue

There is a single contested issue:

The Interior Department's proposed residency requirement would establish that recipients of federally subsidized irrigation water (both owners and lessees) live within 50 miles of the farm. However, investors who had no personal involvement in the farming operation would not be precluded from receiving these subsidies. OMB and DPS feel that the distance limitation should be augmented to require involvement in the farming operation as a condition of owning or leasing project lands.

### Option

Augment residency requirement by requiring owners and lessees to have substantial involvement in the farming operation, according to criteria developed by the Secretary of Interior. Such criteria would be more stringent than the IRS definition for which periodic visitation suffices for "involvement". Criteria would include such factors as: extent of personal involvement; whether farming is a principal occupation; share of personal income derived from the farm; circumstances under which leasing of owned land is allowed.

*If anything, I  
think the proposal  
is too liberal.  
It should be  
interpreted strictly, &  
I would not oppose the  
Congress if it tightened  
up some.*



Pros

- Investor-farmers would be precluded if this requirement were included.
- This requirement is less arbitrary than the 50-mile requirement; together they are a reasonable definition of eligibility for subsidized water.
- The 50-mile requirement by itself is not sufficient to insure that Reclamation subsidies will go to real farmers.
- Difficulties in devising a test of substantial involvement are not insurmountable.
- Would embrace concept in pending Church bill.

Cons

- This would impose a substantial administrative burden on the Interior Department because "involvement" may change from year to year.
- Interior argues that an "involvement" requirement would not substantially enhance the results achieved by the 50-mile limit.
- A strong involvement test might restrict an owner's ability to lease his or her land and might therefore increase opposition to our proposal.
- Secretary Andrus feels this would be a tactical mistake, because the Congress might: a) take this suggestion, but loosen our definition of "involvement"; and b) reject our proposed distance requirement -- thereby creating a meaningless residency provision.

Decision

✓  
\_\_\_\_\_

Require involvement in farming as augmentation to distance requirement defining residency (OMB, DPS, CEQ)

\_\_\_\_\_  
\_\_\_\_\_

Approve Interior proposal of 50-mile requirement without provision for involvement in farming (Interior)

J

WASHINGTON

DATE: 12 APR 78

FOR ACTION: HAMILTON JORDAN

FRANK MOORE (LES FRANCIS)

JACK WATSON

INFO ONLY: THE VICE PRESIDENT

BOB LIPSHUTZ

CHARLES WARREN

SUBJECT: MCINTYRE EIZENSTAT MEMO RE 160-ACRE LIMITATION IN  
RECLAMATION LAW - ADMINISTRATION POSITION

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: 0300 PM WEDNESDAY 12 APR 78 +  
+++++

ACTION REQUESTED: IMMEDIATE TURNAROUNDSTAFF RESPONSE: ( ) I CONCUR. ☒ NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

WASHINGTON

DATE: 12 APR 78

FOR ACTION: HAMILTON JORDAN *NC*

FRANK MOORE (LES FRANCIS)

JACK WATSON

INFO ONLY: THE VICE PRESIDENT  
CHARLES WARREN*W.C. concurs w/ SE's recommendation from J. Stroh*  
BOB LIPSHUTZ  
*Tody Powell*SUBJECT: MCINTYRE EIZENSTAT MEMO RE 160-ACRE LIMITATION IN  
RECLAMATION LAW - ADMINISTRATION POSITION

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+ BY: 0300 PM WEDNESDAY 12 APR 78 +  
+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

WASHINGTON

DATE: 12 APR 78

FOR ACTION: HAMILTON JORDAN

FRANK MOORE (LES FRANCIS)

JACK WATSON 1978 APR 12 PM 12 11

INFO ONLY: THE VICE PRESIDENT

BOB LIPSHUTZ

CHARLES WARREN

SUBJECT: MCINTYRE EIZENSTAT MEMO RE 160-ACRE LIMITATION IN  
RECLAMATION LAW - ADMINISTRATION POSITION

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+ BY: 0300 PM WEDNESDAY 12 APR 78 +  
+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

Based on my contacts with Western public officials and as a participant in the Vice President's Western trip, it is clear this is one of the most controversial issues which we have pending. I strongly recommend approval of the proposal as outlined by Stu and Jim.

On the question of providing an alternative to the existing residency requirement, I recommend adoption of the

3p.m.

THE WHITE HOUSE  
WASHINGTON

April 13, 1978

Jim McIntyre

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Bob Lipshutz  
Peter Bourne

INTERNATIONAL YEAR OF THE CHILD

*given to Bob Linder (OMB had  
already given approval)*

THE WHITE HOUSE  
WASHINGTON

April 4, 1978

cc Mc Intyre  
J

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

RE: Executive Order Entitled "National  
Commission on the International Year  
of the Child, 1979"

The attached proposed Order, submitted by State and HEW, will create a commission to provide for observance of the U. N. International Year of the Child, 1979. The Commission will be comprised of not more than 25 individuals appointed by the President and will be temporarily funded by HEW (\$300,000 for FY 78), State (\$150,000) and Justice (\$118,000). In accordance with a statutory one-year limitation on temporary funding, the Commission will terminate on April 1, 1979. Legislation is being drafted to provide statutory authority beyond that date.

We understand that Peter Bourne has discussed this matter with you and that you have approved it. We therefore recommend that you sign the attached Order.

✓ Approve

\_\_\_\_\_ Disapprove

*If seems too expensive = Clear budget  
EOMB*

*22000/member*  
*25 / 568,000*

*JC*

*or 5000/member  
\$ 10 staff at  
> 40,000 each*



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

GENERAL COUNSEL

MAR 31 1978

MEMORANDUM FOR: ROBERT LIPSHUTZ  
FROM: WILLIAM M. NICHOLS *Nichols*  
SUBJECT: Proposed Executive Order Entitled "National  
Commission on the International Year of  
the Child, 1979"

Enclosed for the President's consideration is the above entitled proposed Executive order. It was jointly submitted by the Department of State and the Department of Health, Education, and Welfare. It would create a commission to provide for the United States observance of the United Nations' International Year of the Child, 1979.

In accordance with the one year limitation on temporary funding (31 U.S.C. 696), the Commission would terminate on April 1, 1979. Legislation is being drafted to provide statutory authority beyond that date.

Temporary funding will come for various agencies. In response to our request, the Department of Health, Education, and Welfare has submitted a projected budget covering expenses and sources of funding through this fiscal year. That Budget reflects FY 1978 expenditures of \$568,000.00. The Department of Health, Education, and Welfare would provide \$300,000.00; the Department of State would provide \$150,000.00; and the Department of Justice would provide \$118,000.00. A copy of that February 10, 1978 memorandum is enclosed.

None of the interested agencies have objected to the issuance of the proposed order. In consultation with a representative of Peter G. Bourne, M.D., Special Assistant to the President, the proposed order was modified in this office without any significant change in substance. Most of the changes were editorial. They were made in keeping with the President's desire for the clearest prose that the subject matter will allow.

Time has not permitted formal submission to the Department of Justice in accordance with the provisions of Executive Order No. 11030, as amended. However, an attorney in that Department,

who normally reviews proposed Executive orders and proclamations for form and legality, has reviewed this proposed order and has informally advised that there is no legal objection to its issuance.

On behalf of Peter Bourne's office, we urge that this proposed order be promptly submitted for the President's consideration.

This proposed Executive order has the approval of the Director of the Office of Management and Budget.

Enclosures



EXECUTIVE ORDER

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NATIONAL COMMISSION ON THE INTERNATIONAL  
YEAR OF THE CHILD, 1979

By virtue of the authority vested in me by the Constitution of the United States of America, in accordance with the Federal Advisory Committee Act (5 U.S.C. App. I) and the United Nations General Assembly resolution of December 21, 1976 which designated the year 1979 as the International Year of the Child, and as President of the United States of America, in order to provide for the observance of the International Year of the Child within the United States, it is hereby ordered as follows:

Section 1. Establishment of Commission. (a) There is hereby established the National Commission on the International Year of the Child, 1979, hereinafter referred to as the Commission.

(b) The Commission shall be composed of not more than 25 persons appointed by the President from among citizens in private life. The President shall designate the Chairman and two Vice Chairmen.

(c) The President of the Senate and the Speaker of the House of Representatives are invited to designate two Members of each House to serve on the Commission.

Sec. 2. Functions of the Commission. (a) The Commission shall plan for and promote the national observance in the United States of the year 1979 as the International Year of the Child. The Commission shall coordinate its efforts with local, State, national, and international organizations, including the United Nations Children's Fund (UNICEF).

(b) In promoting this observance, the Commission shall foster within the United States a better understanding of the special needs of children. In particular, the Commission shall give special attention to the health, education, social

environment, physical and emotional development, and legal rights and needs of children that are unique to them as children.

(c) The Commission shall keep informed of activities by organizations and groups in the United States and abroad in observance of the Year. The Commission shall consult with, and stimulate activities and programs through, community, civic, State, regional, national Federal and international organizations.

(d) The Commission may conduct studies, inquiries, hearings and meetings as it deems necessary. It may assemble and disseminate information, issue reports and other publications. It may also coordinate, sponsor, or oversee projects, studies, events and other activities that it deems necessary or desirable for the observance of 1979 as the International Year of the Child.

(e) The Commission shall make recommendations to the President on national policies for improving the well-being of children; shall issue periodic reports on discrete areas of the rights and needs of children; and shall submit, no later than November 30, 1978, an interim report to the President on its work and tentative recommendations.

### Sec. 3. Resources, Assistance, and Cooperation.

(a) The Commission may establish subcommittees. Private citizens who are not members of the Commission may be included as members of subcommittees.

(b) The Commission may request any Executive agency to furnish such information, advice, services, and funds as may be useful for the fulfillment of the Commission's functions under this order. Each such agency is authorized, to the extent permitted by law and within the limits of available funds, to furnish such information, advice, services, and funds to the Commission upon request of the Chairman of the Commission.

(c) The Commission is authorized to appoint and fix the compensation of a staff and such other persons as may be necessary to enable it to carry out its functions. The Commission may obtain services in accordance with the provisions of Section 3109 of Title 5 of the United States Code, to the extent funds are available therefor.

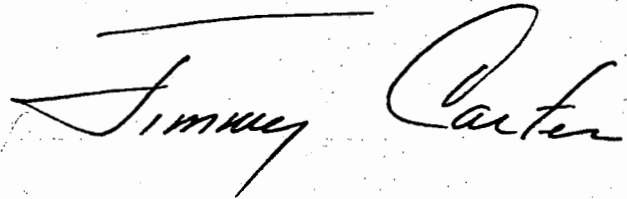
(d) Each member of the Commission and its subcommittees may receive, to the extent permitted by law, compensation for each day he or she is engaged officially in meetings of the Commission or its subcommittees at a rate not to exceed the daily rate now or hereafter prescribed by law for GS-15 of the General Schedule; and, may also receive travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5702 and 5703) for persons in the government service employed intermittently.

Sec. 4. Coordination. (a) The heads of Executive agencies shall designate an agency representative for purposes of coordinating agency support for the national observance of the International Year of the Child, 1979. The Co-Chairmen, designated by the Secretaries of State and Health, Education, and Welfare, of the Interagency Committee for the International Year of the Child should act as advisers to, and coordinate activities with, the Chairman of the Commission.

(b) The General Services Administration shall provide administrative services, facilities, and support to the Commission on a reimbursable basis.

(c) The functions of the President under the Federal Advisory Committee Act (5 U.S.C. App. I), except that of reporting annually to the Congress, which are applicable to the Commission, shall be performed by the Administrator of General Services as provided by Executive Order No. 12024 of December 1, 1977.

Sec. 5. Final Report and Termination. The Commission shall conclude its work and submit a final report to the President, including its recommendations for improving the well-being of children, at least 30 days prior to its termination. The Commission shall terminate on April 1, 1979.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed text "THE WHITE HOUSE,".


THE WHITE HOUSE,

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

April 13, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER   
SUBJECT: White House Authorization Bill

Earlier this afternoon, the House passed the White House Authorization bill by a vote of 265-134.

It was amended on the floor one time with the amendment calling for much more detailed reporting of consultants and detailees than the original bill called for.

We plan to make adjustments in the Senate version which will hopefully eliminate the parts of this amendment to which we object.



Panama Canal Statement

April 13, 1978  
3:55 pm

C  
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PROPOSED LEADERSHIP AMENDMENT

The right of the United States to take action to assure that the Canal remain open, secure, and accessible, pursuant to the provisions of this Treaty and of the Neutrality Treaty, and the resolutions of Advice and Consent related thereto, shall never be interpreted as a right of intervention of the United States in the internal affairs of the Republic of Panama, and shall never be directed against the political independence or territorial integrity of the Republic of Panama.

THE WHITE HOUSE  
WASHINGTON

Wood fiber industry

30 days = - - - - -

RARE II

69 → 85% 7477

72% 7475

H-1

H<sub>2</sub>O, Land, Timber, Parks,



12:13 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

April 13, 1978

MEMORANDUM FOR:

TIM KRAFT

FROM:

DAVID RUBENSTEIN

*D.R.*

SUBJECT:

Kurt Schmoke

Kurt Schmoke will be leaving our staff next week to become an Assistant U.S. Attorney in Baltimore. I request that the President spend one minute saying good-bye and having his picture taken with him.

Kurt has been an outstanding member of the staff, specializing in transportation, community development and minority business. He is a 28 year old black lawyer from Baltimore who was a Rhodes Scholar between Yale and Harvard Law School.

Although Kurt has been in a few meetings with the President, I very much doubt that the President knows Kurt.